

AR11

Annual Report

1967



Consolidated Balance Sheet



ASSETS

	1967	1966
Current Assets		
Cash on Hand and in Bank	\$ 133,534	\$ 111,695
Accounts Receivable less Provision for Doubtful Accounts	1,563,615	1,690,573
Inventories — at lower of Cost or Market	4,834,011	5,237,814
Recoverable Income Taxes	178,189	39,459
Prepaid Expenses and Deposits	60,170	57,076
	<hr/> 6,769,519	<hr/> 7,136,617
Special Refundable Tax	<hr/> 34,071	<hr/> 26,208
Fixed Assets		
Land, Buildings and Leasehold Improvements — at Cost	2,240,875	2,202,442
Machinery and Equipment — at Cost	5,914,651	5,640,449
	8,155,526	7,842,891
Less: Accumulated Depreciation	4,954,095	4,613,961
	3,201,431	3,228,930
Patents and Trade Marks — less amounts written off	11,802	15,302
	<hr/> 3,213,233	<hr/> 3,244,232

Approved on Behalf of the Board:

CARL H. ANSINGH, Director

JOHN E. HALL, Director

The attached notes form an integral part of the Financial Statement.

\$10,016,823 \$10,407,057

AS AT DECEMBER 31, 1967 (with preceding year for comparison)

LIABILITIES

	1967	1966
Current Liabilities		
Bank Loans and Overdraft	\$ 802,829	\$ 1,052,380
Short-Term Borrowing	1,000,000	1,000,000
Accounts Payable and Accruals	613,780	669,812
Preference Dividends — Payable January 1	46,962	46,962
Preference Dividend — Participating — Payable July 1		36,588
Current Maturity of Long-Term Debts (Note 2)	346,599	314,369
	<hr/> 2,810,170	<hr/> 3,120,111
Deferred Tax Credit	177,905	112,243
Long-Term Debt (Note 2)	<hr/> 1,742,782	<hr/> 1,875,401
Capital and Surplus		
Capital Authorized (Note 1)		
Capital Issued and Outstanding:		
47,650 — 6% Cumulative, Redeemable First Preference Shares — Par Value \$20.00 each	953,000	953,000
130,670 — Cumulative \$1.00 Dividend, Participating Third Preference Shares without Par Value	271,060	271,060
130,670 — Common Shares without Par Value	<hr/> 1,224,060	<hr/> 1,224,060
Consolidated Earned Surplus	4,061,906	4,075,242
	<hr/> 5,285,966	<hr/> 5,299,302
	<hr/> \$10,016,823	<hr/> \$10,407,057

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

Note 1 — Authorized Capital

247,650 — Cumulative, Redeemable, First Preference Shares with a par value of \$20.00 each, issuable in series of which 47,650 shares are designated 6% Cumulative Redeemable First Preference Shares — Series A.

8,823,970 — Non-cumulative, Redeemable, Non-Voting, 3% Second Preference Shares with a par value of 20 cents each. 522,680 shares were allotted and issued as stock dividends to Common Shareholders, and were redeemed during the year ended December 31, 1967.

130,670 — Cumulative \$1.00 dividend participating Third Preference Shares without par value.

130,675 — Common Shares without par value.

Note 2 — Long-Term Debt		Total	Current Maturity	Non-Current
4½% Sinking Fund Debentures — Series A — Due May 1, 1976		\$ 673,000	\$ 73,000	\$ 600,000
6¼% Sinking Fund Debentures — Series B — Due December 1, 1980		520,000	40,000	480,000
7½% Sinking Fund Debentures — Series C — Due December 1, 1986		570,000	30,000	540,000
6¾% Bank Note Payable — payable in quarterly instalments; final payment June 15, 1969		300,299	201,054	99,245
Mortgage Payable — payable in monthly instalments; final maturity July 1, 1976		26,082	2,545	23,537
		\$2,089,381	\$346,599	\$1,742,782

Note 3 — Consolidation Policy

All wholly-owned subsidiaries are consolidated.

The accounts of the foreign subsidiaries have been converted to Canadian currency at the following rates of exchange:

- Current assets and current liabilities — at rates prevailing December 31, 1967.
- Fixed assets and long-term debt — at average rates prevailing during the years of acquisition.
- Revenue and expenditures — at average annual rate for 1967.

Note 4 — Inventory Adjustments

A special charge of \$239,184 has been made to 1967 income. This reflects a write-down, less recoverable income taxes of slow moving and obsolete inventories to estimated realizable values based on changed market conditions.

Note 5 — Remuneration of Directors and Senior Officers

Remuneration of \$141,300 was paid to Directors and Senior Officers of the Company and its subsidiaries.

Note 6 — Contingent Liability

The Puerto Rican subsidiary is contingently liable on a lawsuit for alleged damages in the amount of \$175,000.00, which in the opinion of management and legal counsel is without merit and will not result in any material loss to the company.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDING DECEMBER 31, 1967

with preceding year for comparison

	1967	1966
Sales	\$10,549,136	\$11,064,866
Net Profit from Operations		
After Deducting Expenses of Manufacturing, Selling and Administration	1,433,583	1,692,841
Interest on Debentures	109,970	74,748
	1,323,613	1,618,093
Provision for Depreciation	343,602	345,327
	980,011	1,272,766
Provision for Income Taxes	454,500	595,355
Net Profit before Special Charges	525,511	677,411
Special Charge — Adjustment to Reflect Changes in Valuation of Inventories — Less Recoverable Income Taxes — (Note 4)	239,184	
Net Profit for the Year	\$ 286,327	\$ 677,411

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of
 P. L. Robertson Manufacturing Company Limited,
 Toronto, Ontario.

Dear Sirs:

We have examined the consolidated balance sheet of P. L. Robertson Manufacturing Company Limited and its subsidiaries as at December 31, 1967, and the consolidated statements of profit and loss, earned surplus and source and application of funds for the year ended on that date. Our examination of the financial statements of P. L. Robertson Manufacturing Company Limited and the Canadian subsidiaries, of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries which are located in the United States.

In our opinion, the consolidated financial statements present fairly the financial position of the companies as at December 31, 1967, and the results of their operations and the source and application of their funds for the year ended on that date, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year, subject to the notes attached.

Yours truly,
 W. F. HOUSTON & COMPANY,
 Chartered Accountants.

May 23, 1968

CONSOLIDATED STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDING DECEMBER 31, 1967
with preceding year for comparison

	1967	1966
Consolidated Earned Surplus at beginning of year	\$ 4,075,242	\$ 3,756,791
Add:		
Net Profit for the Year	286,327	677,411
Discount on Redemption of Debentures	11,170	4,700
	4,372,739	4,438,902
Deduct:		
Loss on Disposal of Equipment	3,447	
Expenses on Issue of Debentures	12,792	
	16,239	
		4,422,663
Deduct:		
Dividends:		
6% Cumulative Redeemable First Preference Shares — Series A	57,180	57,180
Cumulative \$1.00 Dividend Third Preference Shares	130,670	167,258
	187,850	224,438
	4,184,889	4,198,225
Deduct:		
Special Tax — 15% — Election under Section 105(2) of the Income Tax Act	18,447	18,447
Stock Dividends	104,536	104,536
	122,983	122,983
Consolidated Earned Surplus at end of year	\$ 4,061,906	\$ 4,075,242

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDING DECEMBER 31, 1967

with preceding year for comparison

	1967	1966
Source of Funds:		
Net Profit for the Year	\$ 286,327	\$ 677,411
Provision for Depreciation	343,602	345,327
Discount on Redemption of Debentures	11,170	4,700
Deferred Income Taxes	65,662	112,243
Increase in Long-Term Debt — net		537,243
	<hr/> 706,761	<hr/> 1,676,924
 Application of Funds:		
Expenditure for Land, Buildings and Machinery — net	312,603	1,332,743
Dividends on First Preference Shares	57,180	57,180
Dividends on Third Preference Shares	130,670	167,258
Special Tax — 15% — Election under Section 105(2) of the Income Tax Act	18,447	18,447
Stock Dividends on Common Shares	104,536	104,536
Retirement of Long-Term Debt — net	132,619	
Expenses on Issue of Debentures		12,792
Special Canadian Refundable Tax	7,863	26,208
	<hr/> 763,918	<hr/> 1,719,164
Decrease in Working Capital	<hr/> \$ 57,157	<hr/> \$ 42,240

